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S E C R E T ROME 002340

SIPDIS

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SUBJECT: ALENIA-SPAZIO AND CHINA: DELIVERY OF A/S BLOOMFIELD LETTER

REF: STATE 138499

CLASSIFIED BY: ECONOMIC MINISTER-COUNSELOR SCOTT KILNER FOR REASONS 1.5  
(B) AND (D)

¶1. (S) ECMIN, JOINED BY SCICOUNS, DELIVERED A/S BLOOMFIELD'S LETTER AND ACCOMPANYING NON-PAPER ON MAY 23 TO MFA DIRGEN FOR ECONOMIC AFFAIRS GIANDOMENICO MAGLIANO. ECMIN NOTED THAT WASHINGTON OFFICIALS HAD APPRECIATED THE FEBRUARY APPROACH BY GOI AND ITALIAN INDUSTRY REPRESENTATIVES, AND THAT USG AGENCIES HAD REVIEWED THE PROPOSALS WITH GREAT CARE AND DELIBERATION. A/S BLOOMFIELD'S LETTER REPRESENTED A CONSTRUCTIVE RESPONSE TO MOVE BEYOND PAST DISAGREEMENTS AND MISUNDERSTANDINGS AND TO INITIATE A COOPERATIVE DIALOGUE ON NON-PROLIFERATION CONCERNS. SUCH A DIALOGUE COULD PAVE THE WAY TO ENHANCED DEFENSE INDUSTRIAL COOPERATION WITH ITALY.

¶2. (S) ECMIN ALSO UNDERSCORED THAT WASHINGTON'S RESPONSE HAD BEEN FAVORABLY INFLUENCED BY HELPFUL ACTIONS TAKEN BY THE GOI ON SPECIFIC EXPORT CONTROL ISSUES OF CONCERN TO THE USG, SUCH AS THE DECISION TO HALT DELIVERY OF HIGH SPEED PATROL BOATS TO IRAN. SUCH ACTIONS WERE VERY IMPORTANT TO FOSTER THE RIGHT ENVIRONMENT FOR POSITIVE BILATERAL DISCUSSIONS CONCERNING ALENIA AND CHINA. FINALLY, ECMIN NOTED THAT THE USG WAS PREPARED TO MOVE FORWARD EXPEDITIOUSLY WITH AD HOC CONSULTATIONS, CONTINGENT ONLY ON GOI WRITTEN ASSURANCES THAT ALENIA'S TWO SATELLITE STUDIES FOR CHINA HAD CONCLUDED, AS WE HAD BEEN TOLD WAS THE CASE.

¶3. (S) AFTER READING THE LETTER AND NON-PAPER, MAGLIANO OFFERED HIS PRELIMINARY REACTION THAT THEY DID REPRESENT A POSITIVE STEP FORWARD. HE DID NOT FORECAST DIFFICULTY IN PROVIDING THE REQUESTED WRITTEN ASSURANCES, BUT HE DID STRESS THAT HE WOULD HAVE TO CONSULT CLOSELY ON ALL POINTS BOTH WITHIN THE MFA AND WITH OTHER PARTS OF THE GOVERNMENT.

¶4. (S) WITH RESPECT TO INITIATING AD HOC CONSULTATIONS, MAGLIANO SAID HE HAD ALREADY GIVEN SOME THOUGHT TO HOLDING A FIRST ROUND OF DISCUSSIONS IN JUNE. IN THAT CONNECTION, HE ASKED WHAT ROLE WE ENVISIONED FOR INDUSTRY REPRESENTATIVES IN SUCH TALKS. DRAWING UPON REFTEL PARA 5, ECMIN REPLIED THAT WE FELT THE CONSULTATIONS SHOULD INITIALLY BE HELD ON A GOVERNMENT-TO-GOVERNMENT BASIS, BUT THAT GOVERNMENT-TO-INDUSTRY TALKS MIGHT WELL BE A SENSIBLE SUBSEQUENT STEP. MAGLIANO QUESTIONED HOW FAR DISCUSSIONS COULD PROCEED WITHOUT INVOLVING CONCERNED COMPANIES IN SOME WAY. HE SUGGESTED THAT THE FIRST CONSULTATIONS INCLUDE AT LEAST TWO, BUT PREFERABLY THREE, SEPARATE SESSIONS: 1) GOVERNMENT OFFICIALS ONLY; 2) GOVT REPS PLUS OUTSIDE "INDEPENDENT" EXPERTS (I.E. FROM ACADEMIA OR NON-PROFIT TECHNICAL INSTITUTES); 3) GOVT PLUS INDUSTRY REPS. ECMIN SAID HE WOULD CONVEY THIS SUGGESTION TO WASHINGTON.

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